



House of Representatives

General Assembly

File No. 249

February Session, 2004

Substitute House Bill No. 5036

House of Representatives, March 25, 2004

The Committee on Commerce reported through REP. GRAZIANI of the 57th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE GOVERNOR'S ECONOMIC DEVELOPMENT AND INNER CITY INITIATIVES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) The Commissioner of
2 Economic and Community Development may establish, within
3 available appropriations, a program to increase the entrepreneurial
4 potential in distressed municipalities and provide successful role
5 models that will further motivate students and residents on the value
6 of market-based strategies to increase wealth and income.

7 Sec. 2. (NEW) (*Effective from passage*) The Commissioner of Economic
8 and Community Development may establish, within available
9 appropriations, a next generation manufacturing competitiveness
10 enhancement program with the goal of increasing the ability of
11 Connecticut's small and medium-sized manufacturers to compete in
12 the world economy. The program may include, but not be limited to:
13 (1) Continued expansion of the use of progressive manufacturing

14 techniques and advanced technology; (2) workforce development and
15 local job increasement activities; (3) identifying new markets and
16 opportunities both in the United States and abroad; and (4) creating a
17 virtual center to assist manufacturing clusters in their product design
18 and development efforts.

19 Sec. 3. (NEW) (*Effective July 1, 2005*) (a) The Office of Workforce
20 Competitiveness shall, within available appropriations and in
21 consultation with the council established under subsection (b) of this
22 section, establish a competitive "Innovation Challenge Grant" program
23 that promotes and encourages partnerships and collaborations
24 involving technology-based business and industry with higher
25 educational institutions and vocational technical schools in pursuit of
26 the development of educational programs in emerging and
27 interdisciplinary technology fields and related issues.

28 (b) There is established a Council of Advisors on Strategies for the
29 Knowledge Economy, that shall promote the formation of university-
30 industry partnerships, identify benchmarks for technology-based
31 workforce innovation and competitiveness and advise the award
32 process for Innovation Challenge Grants to public postsecondary
33 schools and their business partners. The council shall be chaired by the
34 director of the Office of Workforce Competitiveness and shall include
35 the Secretary of the Office of Policy and Management, the
36 Commissioners of Economic and Community Development, Higher
37 Education and the Labor Commissioner and two representatives from
38 the technology industry appointed by the Governor.

39 Sec. 4. Section 4-124w of the general statutes, as amended by section
40 5 of public act 03-19 and section 8 of public act 03-278, is repealed and
41 the following is substituted in lieu thereof (*Effective July 1, 2004*):

42 (a) There is established an Office of Workforce Competitiveness
43 [which] that shall be within the Office of Policy and Management for
44 administrative purposes only.

45 (b) The office shall:

46 (1) Be the Governor's principal workforce development policy
47 advisor;

48 (2) Be the liaison between the Governor and any local, state or
49 federal organizations and entities with respect to workforce
50 development matters, including implementation of the Workforce
51 Investment Act of 1998, P.L. 105-220, as from time to time amended;

52 (3) Coordinate the workforce development activities of all state
53 agencies;

54 (4) Coordinate the state's implementation of the federal Workforce
55 Investment Act of 1998, P.L. 105-220, as from time to time amended,
56 and advise and assist the Governor with matters related to said act;

57 (5) Coordinate the development and implementation of technology-
58 based talent and workforce innovation strategies among all state and
59 quasi-public agencies and others involved in education, workforce and
60 economic development, including the creation of a centralized
61 clearinghouse and technical assistance function at the state level to
62 assist applicants in developing Department of Defense Small Business
63 Innovation and Research Programs and other proposals;

64 [(5)] (6) Establish methods and procedures to ensure the maximum
65 involvement of members of the public, the legislature and local
66 officials in workforce development matters, including implementation
67 of the Workforce Investment Act of 1998, P.L. 105-220, as from time to
68 time amended;

69 [(6)] (7) Subject to the provisions of chapter 67, appoint such officials
70 and other employees as may be necessary for the discharge of the
71 duties of the office;

72 [(7)] (8) Enter into such contractual agreements, in accordance with
73 established procedures, as may be necessary to carry out the
74 provisions of sections 19 and 20 of public act 00-192*;

75 [(8)] (9) Take any other action necessary to carry out the provisions

76 of sections 19 and 20 of public act 00-192*; [and]

77 (10) Be the lead state agency for the development of employment
78 and training strategies and initiatives required to support
79 Connecticut's position in the knowledge economy; and

80 ~~[(9)]~~ (11) Not later than October 1, 2002, and annually thereafter,
81 submit a report, with the assistance of the Labor Department, to the
82 Governor and the joint standing committees of the General Assembly
83 having cognizance of matters relating to education, economic
84 development, labor and higher education and employment
85 advancement specifying a forecasted assessment by the Labor
86 Department of workforce shortages in occupations in this state for the
87 succeeding two and five-year periods. The report shall also include
88 recommendations concerning (A) methods to generate a sufficient
89 number of workers to meet identified workforce needs, including, but
90 not limited to, scholarship, school-to-career and internship programs,
91 and (B) methods secondary and higher education and private industry
92 can use to address identified workforce needs.

93 (c) The Office of Workforce Competitiveness may call upon any
94 office, department, board, commission or other agency of the state to
95 supply such reports, information and assistance as may be necessary
96 or appropriate in order to carry out the duties and requirements of the
97 Office for Workforce Competitiveness. Each officer or employee of
98 such office, department, board, commission or other agency of the
99 state is authorized and directed to cooperate with the Office of
100 Workforce Competitiveness and to furnish such reports, information
101 and assistance.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>July 1, 2005</i>
Sec. 4	<i>July 1, 2004</i>

CE *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Department of Economic & Community Development	GF - Cost	See Below	See Below
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Workforce Competitiveness, Off.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows the Department of Economic and Community Development (DECD), within available appropriations, to establish a program to increase the entrepreneurial potential in distressed municipalities. The bill does not specify how this is to be accomplished, or the scope of the program. Therefore, it is unclear what resources will be needed to establish the program. Since the creation of the program is discretionary, it is anticipated that costs would be incurred when resources permit. Section 21 of HB 5033 "AA Making Adjustments to the State Budget for the Biennium Ending June 30, 2005 and Making Appropriations Therefor" (the Governor's Recommended budget bill), provides that \$200,000 from funds appropriated to DECD in Section 1 of SA 03-1, JSS, for subsidized assisted living demonstration, shall not lapse and shall be available for entrepreneurial training in FY 05

The bill also allows the DECD, within available appropriations, to establish a next generation manufacturing competitiveness enhancement program. This program is also discretionary, so it is anticipated that any increased costs due to implementation would be incurred when resources permit. Section 13 of SB 32 provides that \$5 million of the funds authorized to the Manufacturing Assistance Act

(MAA) can be used for this program. The unallocated balance for MAA as of March 24, 2004 is \$64.2 million. To the extent that expanding the use of the funds will increase funding requirements, there could be a need for additional GO bond authorizations and an increase in future debt service costs to the General Fund.

The bill establishes a Council of Advisors on Strategies for the Knowledge Economy that will be chaired by the director of the Office of Workforce Competitiveness (OWC) and include representatives from other state agencies. As a result of the council activities and due to the effective date of July 1, 2005, it is anticipated that council members will not incur a cost and can handle the duties within their existing workload.

In addition, the bill requires OWC to establish a competitive "Innovation Challenge Grant" program (collaboration with business and educational institutions) to promote educational programs in emerging technology fields. Although due to the effective date of this section (July 1, 2005), there is no fiscal impact in FY 05 and no corresponding funding provided in HB 5033 "AA Making Adjustments to the State Budget for the Biennium Ending June 30, 2005 and Making Appropriations Therefor" (the Governor's Recommended budget bill). The extent that OWC would have funding available in FY 06 to support this program is uncertain at this time.

The bill also increases OWC's duties to include coordination of the development and implementation of technology-based workforce innovation strategies including the creation of a centralized clearinghouse to assist applicants in developing Department of Defense Small Business Innovation and Research Programs. Section 20(b) of HB 5033 "AA Making Adjustments to the State Budget for the Biennium Ending June 30, 2005 and Making Appropriations Therefor" (the Governor's Recommended budget bill) includes carry forward provisions of \$250,000 in the Department of Public Safety to be transferred to OWC for Small Business Innovation Research Initiatives (SBIR).

OLR Bill Analysis

sHB 5036

AN ACT CONCERNING THE GOVERNOR'S ECONOMIC DEVELOPMENT AND INNER CITY INITIATIVES**SUMMARY:**

This bill expands the mission and duties of the Office of Workforce Competitiveness (OWC) to include promoting technological innovation. In doing so, it requires OWC to encourage colleges, universities, and vocational-technical schools to work with technology-based businesses to develop educational programs in emerging and interdisciplinary technology fields and related issues. OWC must offer, within available appropriations, challenge grants to institutions and businesses that want to develop programs in these areas.

To help OWC foster this collaboration, the bill also creates a seven-member Council of Advisors on Strategies for the Knowledge Economy. The council must encourage businesses and universities to collaborate on projects, advise OWC on awarding the challenge grants, and develop benchmarks for measuring technology-based workforce innovation and competitiveness.

The OWC director must chair the council, which also must include the Office of Policy and Management secretary; the labor, higher education, and economic and community development commissioners; and two technology industry representatives appointed by the governor.

Lastly, the bill allows the economic and community development commissioner, within available appropriations, to promote entrepreneurship in distressed cities and help small and medium-sized manufacturers adopt the latest manufacturing technologies and techniques.

EFFECTIVE DATE: July 1, 2005, except for the provisions regarding the Department of Economic and Community Development (DECD), which take effect upon passage.

OWC MISSION

The bill requires OWC to ensure that Connecticut's workforce can continue to develop and use information technologies. It makes OWC the lead agency for developing employment and training strategies that address that goal. It also requires OWC to coordinate the way public and private organizations develop and implement technology-based talent and workforce innovation strategies. This charge applies to conventional and quasi-public state agencies and other education-, workforce-, and economic development-related organizations.

The charge also includes creating a state-level clearinghouse to provide information and technical assistance to organizations that want to develop small business innovation research programs and other proposals funded by the U.S. Department of Defense (DOD). DOD's Small Business Innovation and Research program funds early stage research and development in small technology companies. Its Small Business Technology Transfer Program provides similar funding to small companies working with university researchers on finding commercial application for their research.

NEW DECD PROGRAMS

The bill allows DECD, within available appropriations, to establish two new programs. One must increase the entrepreneurial potential in distressed municipalities, but the bill does not specify how this must be done. The program must also provide successful role models as a way to encourage students and residents in these municipalities about how they can increase their wealth and income through "market-based strategies."

The bill also allows DECD to create a program to help small and medium-sized manufacturers compete in the world economy. The program may include, among other things:

1. the continued expansion of the use of progressive manufacturing techniques and advanced technology,
2. workforce development and local activities to increase job levels,
3. identifying new markets and opportunities in the U.S. and abroad,
and

4. creating a center where groups of related manufacturers can use the latest computer technology to design and develop products.

BACKGROUND

Related Bill

sSB 506, which the Commerce Committee favorably reported to the Finance Committee on March 9, provides more funds for an existing program that helps small manufacturers adopt new, cost-saving technologies and techniques. It increases the bond authorization for the Connecticut State Technology Extension Program (CONNStep) by \$1 million and allows CONNStep to use up to \$100,000 of that amount to analyze how it can help manufacturers become “next generation manufacturers.”

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute
Yea 26 Nay 0